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Message Text

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ORIGIN NEA-11

INFO OCT-01 ISO-00 AID-05 DOE-15 SOE-02 COME-00 OPIC-03
OES-07 INT-05 EB-08 CEA-01 CIAE-00 DODE-00 H-01
INR-10 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11
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/136 R

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DOE:WCARTER
DOC:CLOUSTANAU
OPIC:TMANSBACH
OES:WMOFFITT
USGS:JREINEMUND (SUBS)
EB/ORF/FSE:PBULLEN
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TO AMEMBASSY RABAT PRIORITY
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E.O. 11652: N/A

TAGS: ENRG, MNUC, TECH, EMIN, MO

SUBJECT: U.S./MOROCCAN COOPERATION IN ENERGY DEVELOPMENT

REF: A. RABAT 2678 B. RABAT 2733

1. WE APPRECIATE COMPREHENSIVE REPORTING IN REFTELS, WHICH
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WE HAVE USED TO BRIEF MOROCCAN EMBASSY ECON COUNSELOR HERE
SO AS TO SYNCHRONIZE EFFORTS TO PROMOTE U.S.-MOROCCAN
ENERGY COOPERATION. WE SHARE YOUR VIEW THAT MINES AND
ENERGY MINISTER SAADI SHOULD RECEIVE PROMPT AND POSITIVE
RESPONSE SO AS TO SHOW MOVEMENT ON ENERGY FRONT AT A TIME
WHEN WE ARE UNABLE TO MOVE ON ARMS SALES FOR SAHARA. HOW-
EVER, THERE ARE LIMITATIONS ON EXTENT TO WHICH USG CAN

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FULFILL SAADI'S AMBITIOUS EXPECTATIONS, IN PARTICU-
LAR AS MIDDLEMAN FOR FINANCING OF MAJOR OIL SHALE PROJECTS
BEFORE VIABILITY OF COMMERCIALLY COMPETITIVE EXPLOITATION
HAS BEEN PROVEN.

2. DOE ASSISTANCE FOR OIL SHALE RESEARCH: DOE FUNDING FOR
OIL SHALE RESEARCH HAS TO DATE ONLY BEEN DOMESTIC. DOE
SUPPORT FOR OCCIDENTAL PROJECT INCLUDES DOLLARS 43 MILLION
(OUT OF DOLLARS 60 MILLION TOTAL FOR THE PROJECT) OVER
FOUR-AND-ONE HALF YEARS.

3. VISIT OF DOE TECHNICAL TEAM: JUDGING FROM REFTELS GOM
SEEMS TO BE MORE INTERESTED IN ASSISTANCE WITH FINANCIAL
ARRANGEMENTS AND OVERALL PROGRAM PLAN THAN IN FURTHER
TECHNICAL ADVICE. TO EXTENT GOM STILL SEEKS ADVICE ON
IDENTIFYING MOST PROMISING OIL SHALE PROJECTS (PARA 8 OF
REF B), VISIT BY DOE REPRESENTATIVE WOULD BE APPROPRIATE.
HOWEVER, IF GOM HAS ALREADY IDENTIFIED PROJECTS THAT IT
CONSIDERS FEASIBLE, WE WOULD SUGGEST THAT THEY BE REVIEWED
WITH VISITING AID TEAM (PARA 4) IN EFFORT TO IDENTIFY
MOST APPROPRIATE SOURCES OF PRIVATE, IFI, AND/OR OTHER
FINANCING AND PROCEDURES FOR SEEKING THIS FINANCING.
(AID FINANCING WOULD NOT BE AVAILABLE TO FINANCE OIL SHALE
DEVELOPMENT.) EMBASSY REQUESTED TO EXPLORE FURTHER WITH
MOROCCANS THE TERMS OF REFERENCE FOR AN EXPERT VISIT,
WHICH DOE PREPARED TO FOLLOW THROUGH WITH ONCE NEED IS
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CLEAR.

4. VISITING AID TEAM: WE AGREE THAT PRELIMINARY SECTOR
STUDY NOT NECESSARY SINCE GOM HAS ALREADY DEFINED ITS
ENERGY DEVELOPMENT PRIORITIES FOR 1978-82 FIVE YEAR PLAN
AND IS WILLING TO MAKE SUPPORTING ANALYSIS AVAILABLE
FOR AID REVIEW. TEAM PROPOSED STATE 101943 WOULD BE
APPROPRIATELY COMPOSED TO REVIEW SUPPORTING STUDY, GOM
PRIORITIES, AND PROPOSED PROJECTS TO DETERMINE THEIR
VIABILITY AND IMPACT IN ASSISTING MOROCCO MEET ITS ENERGY
NEEDS. TEAM WOULD ALSO BE PREPARED TO REVIEW WITH
MOROCCANS HOW BEST TO UTILIZE OPIC'S NEWLY DEVELOPED
INSURANCE AND FINANCING PROGRAMS FOR THE ENERGY AND
MINERALS SECTORS. ALTHOUGH NO AID COMMITMENT TO FINANCIAL
SUPPORT FOR PROJECTS CAN BE MADE AT THIS TIME, TEAM
REVIEW OF PROJECT PROPOSALS IN CONJUNCTION WITH GOM
1978-82 FIVE YEAR PLAN WOULD PROVIDE POSSIBLE BASIS FOR
RECOMMENDATIONS ON AID FUNDING IN FUTURE. IF USAID AND
GOM AGREE AND CONCUR TEAM'S SCOPE OF WORK, REQUEST MISSION
ADVISE AND RECOMMEND TIMING.

5. USGS MEMORANDUM OF UNDERSTANDING: WE CONTINUE TO

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BELIEVE THAT UMBRELLA AGREEMENT SIGNED IN 1977 PROVIDES
SUFFICIENT FLEXIBILITY FOR DEVELOPMENT OF SPECIFIC
PROJECTS, WHICH COULD BE SPELLED OUT IN INDIVIDUAL
ANNEXES OR PROTOCOLS, WHENEVER AGREEMENT IS REACHED.
HOWEVER, USGS REMAINS WILLING TO REVIEW MOROCCAN PROPOSALS
FOR REVISION OF BASIC AGREEMENT.

6. ARABIC TEXT OF BILATERAL NUCLEAR AGREEMENT: ONLY OTHER
ARAB COUNTRY WITH WHICH WE HAVE DISCUSSED BILATERAL
NUCLEAR AGREEMENT IS EGYPT; DRAFT TEXT USED FOR THESE
DISCUSSIONS WAS NOT TRANSLATED INTO ARABIC, AS FAR AS
WE ARE AWARE, AND IS IN ANY EVENT NO LONGER CURRENT.

MOROCCO LIKELY TO BE FIRST ARAB COUNTRY TO SIGN NUCLEAR
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BILATERAL WITH U.S. WE HAVE NO REQUIREMENT FOR ARABIC
TEXT, BUT WOULD HAVE NO OBJECTION IF MOROCCANS WISH TO
TRANSLATE AND SUBMIT TO US FOR CONFORMING WITH ENGLISH
AND FRENCH TEXT.

7. PETROLEUM PROSPECTING: RE PARA 6 REF B, HEWITT OF
OGLEBAY NORTON INTERESTED IN NEW YORK SEMINAR BUT SOMEWHAT
RELUCTANT TO TAKE ON RESPONSIBILITY OF ORGANIZING AND
FOLLOW-UP. DEPENDING ON TERMS OF REFERENCE, OPIC MIGHT
BE ABLE TO HELP. EMBASSY REQUESTED TO REPORT ANY FURTHER
INFO AVAILABLE NOW AND TO FOLLOW-UP WITH REFINED STATEMENT
FROM SAADI AND AIDES OF SCOPE AND PURPOSE THEY PROJECT
FOR SEMINAR. CHRISTOPHER

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